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SUMMARY RECORD OF THE 25th MEETING

Held at Headquarters, New York,
on Monday, 14 June 1993, at 10.30 a.m.

President: Mr. HADID (Algeria)

later: Mr. RYSINSKI (Poland)
(Vice-President)

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The meeting was called to order at 10.35 a.m.

PROGRAMME PLANNING AND IMPLEMENTATION (continued)

(f) COORDINATION, INCLUDING MULTILATERAL COORDINATION AND COMPLEMENTARITY (DP/1993/25)

1. Mr. EDGREN (Assistant Administrator and Director of the Bureau for Programme Policy and Evaluation), introducing the report of the Administrator on multilateral coordination and complementarity (DP/1993/25), said that development institutions had been moving away from their original mandates in recent times. Multilateral financial institutions had increasingly become development institutions which provided technical assistance, while the combining of grant-funded technical assistance with loan-funded capital assistance had in many instances undermined the effectiveness of the technical assistance. The clear-cut division of labour among individual agencies had also been eroded in the context of the programme approach and policy-based conditionality by many donors.

2. Since the actual roles played by UNDP and the multilateral financial institutions were determined by conditions prevailing at the country level, the roles and relationships of the agencies varied from region to region and country to country. Technical cooperation aimed at long-term capacity-building required a strong permanent professional country presence to be successful. The ability of UNDP to make effective use of its extensive field presence and its decentralized authority would thus be a key factor in the evolving division of labour between the Programme and the World Bank. At the regional and global levels, the Programme had worked with the Bank and the donor community on major development issues requiring the mobilization of resources, expertise, research networks and forums for debate and dissemination. While such collaborative activities had become increasingly important, the Programme's capacity to take part in them was limited in financial and professional terms and was likely to decrease further as a result of decentralization. Consideration should therefore be given the Programme's continued involvement with major global issues and the extent to which such involvement was in contradiction with increased devolution to the field.

3. In order to resolve that contradiction, UNDP must define its comparative advantage more sharply. It was proposed that the global and regional issues with which the Programme would continue to deal would increasingly reflect emerging national priorities.

4. The erosion of the clear-cut division of labour between UNDP and the multilateral financial institutions should be seen as an opportunity rather than as a problem. It should be accepted that a degree of competition in technical cooperation services would benefit the recipients and promote greater efficiency. The Programme's relationships with the multilateral financial institutions should therefore be based on the continuing pursuit of its comparative advantages. The relationship between UNDP and the specialized agencies constituted a key factor in that regard.

(Mr. Edgren)

5. In supporting capacity-building in multisectoral and cross-sectoral areas, inter-agency cooperation would have to change. The Programme's role in that transformation would be to continue to strengthen national capacities to plan and manage technical cooperation and ensure the coherence of technical cooperation with national plans and programmes as well as the optimal use of national and external expertise and other resources.

6. Mr. HADDAD (World Bank) said that the Bank fully supported the role of UNDP as the premier grant-funding agency for technical assistance within the United Nations system. The convergence of the functions of the Programme and the multilateral development banks had been dictated largely by development needs. The report under consideration posed the dilemma as one of seeking a new division of labour or following the course of competition. Clearly, the notion of a new division of labour was not easy to implement, often led to compartmentalization and ran the risk of imposing artificial boundaries on a changing development environment.

7. In contrast, the Bank welcomed the idea of competition coupled with coordination and complementarity. It had always advocated that the beneficiaries of technical assistance should have the right to buy the most appropriate technical assistance at the lowest possible price in a competitive environment. Since the technical assistance market was huge and shackled by multiple restrictions, it could benefit immensely from greater competitiveness. That was doubly important in market-oriented developing countries where technical assistance would have to flow through multiple channels to newly established and competing economic centres.

8. There was a need for collaboration in common areas of assistance, such as aid coordination. UNDP and the Bank reviewed their joint arrangements periodically to make them respond more effectively to the changing circumstances of each country. Their joint efforts had been diverse and had also drawn other multilateral and bilateral agencies into long-term partnerships. Such collaborative efforts could succeed when they were based on well-defined objectives and enjoyed the support of the countries concerned. In the long run, their shared concept of development based on the notion of investing in people provided the Programme and the Bank with a solid foundation for future collaboration.

9. Mr. ROHNER (Switzerland) agreed that the roles of the different multilateral partners had changed over the years and that there was no longer a clear distinction between technical cooperation and financial cooperation. New, solution-oriented approaches to cooperation among agencies were being sought. With regard to the relationship between the World Bank and UNDP, he felt that the point of reference should be the situation in a given country, its needs, the participating partners, the resources available and the issues to be addressed.

10. The report on multilateral coordination and complementarity (DP/1993/25) did not refer to human development in the context of structural adjustment issues. UNDP could play a useful role in that area by drawing attention to the

(Mr. Rohner, Switzerland)

social dimension and sustainability issues. The Programme could make an important contribution to discussions on improving capacity-building and the sustainability of field operations, the use of national experts, and national execution.

11. It would be a pity if the long-term partnership between UNDP and the World Bank was curtailed in certain areas. Areas where UNDP played a lead role should probably be examined more closely. Improving performance and effectiveness was more important than open competition, which was not always useful.

12. Mrs. CORVALAN (Observer for Chile) said that there should be ways of making the technical cooperation market function more efficiently and enabling Governments to make rational choices between various alternatives. In practice, options were limited because of the difficulties involved in determining the quality and cost of technical cooperation and the limited capacity of countries to manage international assistance. One crucial function of UNDP was to strengthen national capacities for the planning and management of technical cooperation in order to ensure its more rational and effective use and promote coordination and complementarity. UNDP enjoyed an important comparative advantage in that area because of its decentralized network and its knowledge of technical cooperation markets. The Programme should create and promote national capacity for managing international assistance and help improve the international technical cooperation market as one of its priority tasks for the future.

13. Mr. BLANK (Germany) said that UNDP had an important role to play in the field of international development cooperation and a unique opportunity to become a centre of excellence in that regard within the United Nations system. The Programme's main strength was the coordination of assistance, particularly in the field, where it had the strongest presence. By promoting human development and capacity-building, UNDP would become an even more respected partner in development cooperation among the institutions working in that area.

14. Ms. VOLKOFF (Canada) said that the relationship between UNDP and the World Bank should not be based purely on competition, since it was difficult for a country to make the necessary choices in the market for technical cooperation services. UNDP must continue to strengthen national programming, including the ability of Governments to plan and manage technical cooperation. The process of formulating a country's strategy note enabled recipient Governments to ensure that the type of assistance offered was appropriate. She stressed the importance of the influence the United Nations system, including UNDP and UNICEF, and the World Bank had on one another with regard to the very philosophy of development assistance. Lastly, her delegation supported the findings on coordination between UNDP and the United Nations system, contained in the report of the Joint Inspection Unit on coordination questions (E/1993/18). Ultimately, however, it was performance, rather than mechanisms, that made such coordination work.

15. Mr. BARNETT (United Kingdom) said that multilateral coordination and complementarity were very important because relations with the international financial institutions were crucial to the Programme's future activities. UNDP's work with the regional development banks seemed to have developed almost haphazardly, and he wondered whether the Programme had clearly established its overall strategy and objectives in that regard. UNDP relations with the World Bank were of a different nature, and paragraphs 32-34 of the Administrator's report (DP/1993/25) were very pertinent. Nevertheless, his delegation would like information on possible solutions to the managerial problems referred to in paragraph 34.

16. He also had some reservations about the observation in paragraph 14 of the report that the packaging of capital assistance and technical cooperation had contributed to blurring the division of labour among agencies and could also undermine the effectiveness of both technical cooperation and capital assistance. His delegation felt, on the contrary, that such combinations could be valuable, particularly in times of shrinking resources, and therefore would appreciate more of the background information underlying the assertion made in that paragraph.

17. Paragraph 40 of the report referred to a substantial number of areas in which UNDP appeared to want to develop its activities. He wondered whether the breadth of the areas in question would allow UNDP to focus on areas of genuine comparative advantage. The Programme must carefully consider those areas where it could function best and work closely with the World Bank; it should also continue to focus its activities as much as possible, given the constraints of the country programming system.

18. Mr. EDGREN (Assistant Administrator and Director of the Bureau for Programme Policy and Evaluation), responding to points raised by delegations, said that cooperation between the Programme and the World Bank was very close at the headquarters level. There were no problems in terms of global concerns or in finding a role for each organization to play. Occasionally problems did arise in the field and in handling country programmes because UNDP and the Bank had different management cultures. When a problem arose in preparing a joint project in a developing country, very often the UNDP resident representative could not solve it with the local World Bank representative directly because operational decisions were taken at the Bank's headquarters in Washington. In such cases, UNDP headquarters had to deal directly with the World Bank headquarters, which usually took time and sometimes irritated the recipient country. That was an area where the two organizations must work together to find a solution.

19. Responding to the comments made by the representative of Chile concerning the difficulty recipient countries faced in obtaining an overview of the various sources of assistance, he said that UNDP was well equipped to provide such an overview. However, UNDP, the World Bank and the Organisation for Economic Cooperation and Development (OECD) should endeavour to create a market which not only functioned more efficiently but was also more transparent. UNDP should also focus its efforts on structural adjustment and decentralization, with emphasis on human development and capacity-building, and avoid giving the

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impression that it could do everything under the sun. Certain technical aspects of development, such as infrastructural strengthening and civil aviation, should be left to other agencies.

20. With regard to country strategy notes, he agreed with the representative of Canada that coordination was a day-to-day activity in which UNDP had an important role to play, in view of its extensive presence in the field.

21. Responding to the representative of the United Kingdom, he pointed out that the objective of the programme approach was precisely to strengthen both technical and capital assistance by combining them. He agreed, however, that in some cases that approach had had the opposite effect.

The meeting was suspended at 11.30 a.m. and resumed at 11.40 a.m.

(b) MATTERS RELATING TO THE PROGRAMMING CYCLES (DP/1993/21 and DP/1993/67)

22. Mr. GOMEZ (Associate Administrator), introducing the report of the Administrator on matters relating to the programming cycles (DP/1993/21), said that the report contained consolidated information on a number of issues relating to the fifth programming cycle, including the current status of resources and programme build-up, a discussion of the trends and developments in the third and fourth cycles which had a significant bearing on the current situation, projections for the remainder of the cycle and finalized indicative planning figures (IPFs) for the cycle. The report also reviewed issues concerning the allocation of programme resources for the sixth programming cycle.

23. Owing to a reduction in anticipated contributions for the fifth cycle and the strengthening of the United States dollar vis-à-vis the currencies of other donors it now appeared unlikely that fifth-cycle IPFs would be fully financed. Accordingly, programme planning was being carried out at the level of 75 per cent of the original IPFs. Technical cooperation expenditures funded by United Nations agencies had also declined from $340 million in 1991 to $242 million in 1992.

24. He drew attention to the patterns that had emerged during the previous two cycles (DP/1993/21, paras. 6-10) and noted that 18 months into the fifth programming cycle, UNDP was faced with a sharply declining balance of liquid resources, an increase in the value of the United States dollar vis-à-vis other donor currencies, a decline in investment income as a result of those two factors and a situation in which almost 41 per cent of the programmable resources for fifth-cycle activities had already been approved. It was clear that the 1991 programme delivery level could be sustained during the fifth cycle only if the 8 per cent annual growth target for resources was achieved and the IPFs established for the cycle were fully financed. Since that was not the case, the rate of new project approvals and programme expenditures was expected to decline sharply.

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25. Even though prudent financial management had made a 25 per cent reduction in planning levels necessary, the eventual impact of that reduction on programmes should not be overlooked. While every effort would be made to avoid disruptions to ongoing programmes, in many cases it might become necessary to defer or eliminate priority programmes and projects for which resources were no longer available. The prospect of reduced project approvals might also hamper the successful implementation of a number of important legislative policies and initiatives, such as the new support cost arrangements, since it might be difficult to achieve a critical mass of project activities to which they could be applied. For all those reasons, it was vitally important to achieve a growth target for fifth-cycle resources.

26. In view of the foregoing, programme management remained vulnerable to the uncertainties involved in the level of annual contributions, the impact of the fluctuations on exchange rates, and the inherent complexity of programme planning and delivery of technical cooperation activities in such an environment.

27. The list of fifth-cycle IPFs contained in the report reflected: the revised IPFs of countries and programmes in respect of which changes in basic data had occurred; the IPFs of countries and programmes which had been granted recipient status; the revised IPFs of countries and programmes for which IPFs had originally been calculated on the basis of preliminary estimates provided by the World Bank and which had been subsequently revised; finalized IPFs of net contributor countries computed after the accounts of fourth-cycle obligations and payments had been recorded; and revised IPFs for regional programmes, recomputed to restore proportionality among regions.

28. Requests had been received from Eritrea and the former Yugoslav Republic of Macedonia for designation as recipient countries. If such recipient status was granted by the Council, IPFs would be established for each country. Based on current estimates, the IPF for Eritrea would amount to $28.4 million for the remaining four years of the cycle, while the figure for the former Yugoslav Republic of Macedonia would be $0.65 million. The Council had also been informed of a communication from the Government of Albania requesting "as if" LDC status for that country (DP/1993/67). Should that status be granted, the increase in Albania's IPF would amount to $1.6 million.

29. With regard to the allocation of programme resources for the sixth programming cycle, the Council was expected to establish the planning framework for that cycle at its forty-second session. To that end, a conceptual paper would be submitted to the Council for consideration at its forty-first session. The issues discussed in that paper should be viewed as the possible start of an extended review which would lead, in 1995, to the establishment of a planning framework for the sixth cycle. The bureau had taken careful note of the observations made during the general debate on the Administrator's report and would take them into account in preparing the conceptual paper.

30. With regard to funding mechanisms, UNDP had developed various management tools over the years to ensure that available resources were promptly programmed and delivered and that resource inflows and outflows were balanced both on an

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annual basis and over a cycle. Unfortunately, the IPF system had proved to be an imperfect mechanism. A review of programmes during previous cycles showed that the percentages of IPFs available at the end of a cycle varied considerably from the amounts established at the outset of the cycle. There had also been a significant change in the sources of programme income: voluntary contributions, which had constituted 88 per cent of total resources in the first cycle, accounted for only 6 per cent of fifth-cycle resources, while cost-sharing contributions which had accounted for 5 per cent in the first cycle, were expected to constitute 24 per cent of all resources in the fifth cycle. Additionally, resources under various trust funds were expected to increase from 5 per cent in the first cycle to an estimated 14 per cent in the fifth cycle.

31. Although there had been an erosion in the role of core funds for financing IPFs, there had also been a welcome increase in alternative sources of income. However, while valuable for the specific purposes for which they were intended, those sources were not expected to compensate for IPF shortfalls. UNDP therefore looked forward to an early conclusion of the discussions in progress in the General Assembly and other forums concerning funding mechanisms for operational activities.

32. The report of the Administrator also considered the validity of the methodology used for the allocation of IPFs. Using the yardstick of share of total programme resources allocated to lower-income countries as compared with middle- or higher-income countries, there had been a significant increase in progressivity over the programming cycles. For example, total IPFs for least developed countries had accounted for 59 per cent of fifth cycle resources, while the same countries had received only 33 per cent in the first cycle. An increasingly strong bias in favour of lower-income countries had thus been introduced into the methodology for the allocation of IPF resources.

33. Mr. SERSALE di CERISANO (Observer for Argentina) said the Administrator's report provided a good point of departure for the Council's discussion of the financial challenges UNDP would be facing in the years ahead. He agreed that administrative reforms in the United Nations system and changes on the international scene would require certain adjustments in the funding methodology for the sixth programming cycle. In theory and in practical application, the use of per capita gross national product (GNP) as a measure of the need for IPF resources in previous country programming cycles had been somewhat inadequate. For example, per capita (GNP) and other gross indicators were inadequate gauges of progress in development, since they provided only a partial picture of the development phenomenon. GNP could not be used to evaluate progress in developing individual sectors or the impact of social factors in development. The development indicators set out in the Human Development Report were significantly more reliable, especially if the goal was to identify specific targets for country programme resources or local social investments.

34. With regard to universality and neutrality, IPF allocations based on the dollar-denominated per capita GNP criterion did not have universal impact, since they were based on an incomplete picture of the development phenomenon. Furthermore, the adjusted indicators based on purchasing power parity and used,

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for example, by the World Bank were also inadequate. Using the purchasing power parity approach, China's economy would appear to be the largest in the world, whereas the country's per capita GNP was only a few hundred dollars a year. Argentina supported the recommendation in paragraph 39 of the report to make greater use of composite or multiple indices that took into account the multidimensional nature of development, including demographic and environmental factors.

35. His country recognized that UNDP and the United Nations system in general were operating under severe financial constraints. For that reason, he supported the efforts of UNDP and other agencies to develop innovative approaches to financing that would make it possible to mobilize resources at the local level. In that connection, he drew attention to data from table 3 of the report showing a sharp decrease in the share of voluntary contributions to UNDP programming resources as compared with contributions from other sources. He was concerned that if the current allocation methodology remained unchanged in the sixth cycle, middle-income countries such as Argentina would no longer have access to UNDP resources.

36. Finally, he said he would support Albania's request for "as-if" LDC status for the purpose of determining IPF allocations.

37. Mr. EHLERS (Observer for Uruguay) said that the difficult financial situation facing UNDP had been brought about by non-compliance with decisions adopted during the previous programming cycle to increase resources by a certain percentage each year. Moreover, contributions to core resources were shrinking while cost-sharing continued to increase.

38. The current methodology for allocating resources suffered from serious weaknesses which had become so severe that they made a major overhaul necessary, especially since they adversely affected some countries without enhancing either the system as a whole or the benefits that the neediest countries received. The original function of IPFs - to provide an indication of possible minimum resources available each year in order to permit forward programming of activities - must be restored.

39. The steady erosion in resources for middle-income developing countries must be reversed or at least arrested. Graduation was perhaps the most desirable and at the same time most pernicious approach. Stating that a developing country had attained the goal of development simply because it had a per capita GNP of $3,000 a year did not make much sense; development was a function of factors that went well beyond income.

40. While the current system of graduation imposed conditions on countries that were beginning to improve their situation, it did not impose any requirement on those that received the bulk of resources. Thus the system provided a disincentive to development because it withdrew cooperation from countries in the former category. Should the system remain unchanged most countries in Latin America and the Caribbean would soon cease to benefit from UNDP technical cooperation, and that would destroy the very concept of the universality of

(Mr. Ehlers, Observer, Uruguay)

multilateralism. It would also demonstrate the inherent inability of UNDP to adapt to the changing needs and circumstances of each stage of development. Accordingly, the concept of graduation should be redefined by establishing several levels in order to offer developing countries at each stage of development the types of assistance suitable to their needs and priorities.

41. His delegation was alarmed at the recent statements by some donor countries that UNDP should assist only the least developed countries, of which there was but one in Latin America and the Caribbean. Yet the countries of that region were constantly coming up with new and innovative initiatives that were utilized by the rest of the developing world. Limiting UNDP assistance would lead to a situation where, in order to save less than 2 per cent of resources, cooperation with nearly an entire continent that provided a model for the utilization of multilateral cooperation would be abandoned, yielding few additional benefits to other recipient countries. The Governing Council must therefore review thoroughly the methods used to allocate resources for the sixth programming cycle.

42. Mr. SHKURTI (Observer for Albania) said that the economic crisis affecting his country was sufficiently grave to qualify Albania for "as if" LDC status for the purposes of calculating IPF allocations. The Albanian Government continued to encounter severe problems in restructuring the national economy, despite a comprehensive programme of price reform, trade liberalization and currency stabilization which had been implemented with the support of the principal multilateral financing agencies. To date, numerous industrial enterprises had been forced to close and the remainder had incurred huge debts. In addition, one third of the labour force was unemployed and monthly wages had declined by 30 per cent in real terms since 1992. Furthermore, the country's economic infrastructure had been largely destroyed with the collapse of the former regime. While the Government was committed to the restructuring programme, the success of that effort would depend on sustained support from the international community in the form of investments and technical cooperation.

43. Developments elsewhere in the region were having an adverse impact on Albania. For example, his Government's strict observance of the sanctions imposed on the Federal Republic of Yugoslavia had resulted in severe losses for Albanian enterprises. It was possible that continued economic instability in Albania might lead to an expansion of the political crisis in the Balkans.

44. The granting of "as if" LDC status to Albania would increase that country's access to the resources of UNDP and the United Nations system, including specific programmes intended for least developed countries. Moreover, "as if" LDC status for Albania would be consistent with steps taken by other multilateral aid institutions, including the World Bank and the International Monetary Fund (IMF), to acknowledge the unique aspects of Albania's situation. He hoped that representatives of the Bank would be able to comment on those steps during the meeting.

45. Mr. VILCHEZ (Observer for Nicaragua), speaking on behalf of the countries of Central America, said that while the decision to reduce IPFs and special programme resources (SPRs) could be justified in terms of administration and financial planning, the Administrator would have to devise viable alternatives for minimizing the adverse impact of that reduction on urgent ongoing programmes in Central America which had shown tangible results.

46. Through the Special Plan for Economic Cooperation in Central America, UNDP had played a key role in support of efforts to consolidate peace, democracy and development. The resources made available by the Governing Council in the form of SPRs had led to the establishment of a framework accepted by Governments and welcomed by the General Assembly because it focused the international community's attention on the actions required to bring about reconciliation and peace in the subregion, promoted the restructuring of Central American integration bodies and helped to mobilize resources to accelerate the integration of persons uprooted by political conflicts and war. The Plan had also enabled countries of the subregion to negotiate better terms with international banks for adjustment programmes.

47. The joint programming carried out by the Central American Governments and UNDP was proof of the effective use of SPRs in Central America. The across-the-board reduction proposed for the Central American programme would cause serious setbacks to the establishment of a firm and lasting peace in the subregion. It would also mean that a poverty alleviation programme to be cofinanced by UNDP, the Inter-American Development Bank and the World Bank would not be executed.

48. The Special Plan for Economic Cooperation in Central America was one of the first results of the peace process in Central America, and the role of the United Nations, especially UNDP, had been crucial. Formulas must therefore be sought to ensure that UNDP continued to play such a role. In the short term, the Administrator should maintain the original allocation of SPRs for the Special Plan, making a specific exception to the global norm or reallocating the necessary resources from other SPR programmes.

49. Mr. MORALES-CARBALLO (Cuba) said that the current IPF system, which had been introduced through General Assembly resolution 2688 (XXV), had not proved to be an ideal planning mechanism. Nevertheless, it had played an important role, since it permitted each country to know the amount of financial resources that would be available to it, even though unforeseen changes could occur.

50. His delegation shared the views expressed in paragraph 30 of the Administrator's report (DP/1993/21) but felt that efforts should be made to ensure that contributions would not be merely indicative and that pledges of contributions were honoured. In that connection, the Council should await the conclusion of the negotiations on restructuring currently under way; it should also promote participation by UNDP in the discussions and invite the Administrator to give his views during the Council's forty-first session.

51. With regard to the methodology used in allocating IPFs, his delegation supported the retention of the methodology used in the third, fourth and fifth cycles, taking per capita GNP and the population of each country as the principal criteria. However, the methodology must be made more transparent, as suggested in paragraph 37 of the Administrator's report.

52. Mr. HALVORSEN (Norway), speaking on behalf of the Nordic countries, said that it had become clear that the 8 per cent target for annual increases in contributions was unlikely to be achieved. Combined resources for 1992 and 1993 fell short of the targeted amounts by $277 million. Estimates for the remaining years of the fifth cycle indicated that there was little likelihood of full financing of IPFs.

53. The Nordic countries welcomed the Administrator's revised planning framework for the fifth programming cycle. It had been prudent to assume that only 75 per cent of projected IPFs would be available. The Nordic countries also supported efforts to ensure sound financial planning by setting annual expenditure levels to balance annual cash inflows.

54. UNDP should continue to make every possible effort to generate increased resources. However, the Administrator must continue to monitor the development of the financial situation closely in order to ensure adherence to the revised fifth-cycle budget. That would require application of strict financial controls on all activities while minimizing disruptions in ongoing programmes. The reduction in IPF expenditures for the fifth cycle would have serious consequences for country programmes. Several projects and programmes that had already been planned would have to be reduced in scope or eliminated entirely.

55. The situation with regard to fifth-cycle financing revealed the overall weaknesses in the Programme's current funding and resource allocation arrangements. Management of UNDP programmes remained vulnerable to fluctuations in the levels of annual contributions and exchange rates. Another weakness of concern to the Nordic countries was the serious inconsistency between the current system of contributions and the programming decisions of the Governing Council. The Council must recognize that it could no longer continue to make decisions based on unrealistic assumptions regarding donor contributions. The Nordic countries had in the past called for reforms in the financing arrangements for the various United Nations funds and programmes with the aim of ensuring a more equitable sharing of the burden as well as adequate and stable financing. The current financial difficulties of UNDP highlighted the importance of those appeals.

56. The Nordic countries had some preliminary suggestions to make with regard to reform of the aspects of UNDP programme financing. First, core funding levels should be established on the basis of objective criteria. Second, complementary financing could be used to meet the needs of countries experiencing particularly severe problems. Funds in that category would not be allocated automatically and could be devoted to projects corresponding to certain themes or high-priority areas. Furthermore, more graduation was needed in the distribution of resources. UNDP should concentrate more resources on the poorest countries and request middle-income countries to finance their projects and programmes through cost-sharing arrangements. The Governing Council might wish to consider the elements of reform in future discussions concerning the sixth programming cycle.

57. Mrs. CORVALAN (Observer for Chile) said that the decline in UNDP resources revealed the vulnerability of the Programme's financing in general. Her country had been affected by that decline. While Chile had attained substantial levels of growth, it was still very much in need of technical cooperation in areas such as decentralization and poverty alleviation, the promotion of disadvantaged social groups such as women and indigenous peoples, environmental protection and human resources training. Consequently, the country's cooperation orientations and priorities had been revised and a national system of international cooperation had been set up. Chile wished to make the best use of the comparative advantages of UNDP and the forum it offered for discussing and applying innovative forms of cooperation.

58. Her delegation was deeply concerned at the decline in vertical cooperation from UNDP, although it welcomed and encouraged technical cooperation among developing countries (TCDC). The combination of both types of cooperation could generate synergies that would be highly beneficial for all concerned. At the current session, the Governing Council should begin to consider possible relationships between both types of cooperation and explore the possibility of setting up three-way cooperation in the context of the sixth programming cycle.

59. That new modality would facilitate interaction between UNDP donors and countries such as Chile that had attained relatively high levels of development and enjoyed comparative advantages that could be transferred or shared with less developed countries. Chile would in turn benefit from cooperation in areas where it was weaker. Her Government was particularly interested in discussing the mobilization of additional resources and the efficient allocation of such resources. The Chilean Government was concerned at the complexity of the methodology used to calculate country and regional IPF and its lack of transparency and rationality, since it gradually excluded countries that attained higher levels of GNP. The principle of universality meant that all countries were entitled to participate in the programme, including countries at Chile's level of development.

60. She urged the Council to undertake a study to define a new intermediate range of countries, including net recipients and net contributors whose per capita GNP lay between $2,000 and $3,000. Such countries might be both contributors to and recipients of multilateral cooperation. A formula might be worked out whereby a pre-defined portion of IPF granted to those countries must be used to initiate TCDC programmes whose costs would be shared by the Government and the private sector involved in a proportion equal to or higher than the IPF allocated for that purpose.

61. Under triangular cooperation arrangements, net contributors to UNDP might be more inclined to contribute more to IPF because such cooperation demonstrated clear advantages in terms of efficiency, effectiveness and relevance. Countries that attained relatively high levels of development but still had problems in some areas would participate more extensively and would not be excluded from multilateral systems of cooperation. The capacities already established in those countries in key development areas would be made available to others that might need them. The cooperation provided through such intermediate countries

(Mrs. Corvalan, Observer, Chile)

to others in the same region with identical cultures would be more relevant, efficient and timely and would promote solidarity and integration among countries.

The meeting rose at 1.20 p.m.